

Hearing Date: March 1, 2007

Hearing Time: 10:00 a.m. (Prevailing Eastern Time)

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	:	Chapter 11	
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DELPHI CORPORATION, <u>et al.</u> ,	:	Case No. 05-44481 (RDD)	
	:		
	:	(Jointly Administered)	
Debtors.	:		
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**DEBTORS' STATEMENT OF DISPUTED ISSUES WITH RESPECT TO PROOF
OF CLAIM NUMBER 2141 (GULF COAST BANK & TRUST COMPANY)**

("STATEMENT OF DISPUTED ISSUES – GULF
COAST BANK & TRUST COMPANY")

Delphi Corporation ("Delphi") and certain of its subsidiaries and affiliates, debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), hereby submit this Statement of Disputed Issues (the "Statement of Disputed Issues") With Respect To Proof Of Claim Number 2141 (the "Proof of Claim") filed by Gulf Coast Bank & Trust Company ("GCBC") (which was subsequently transferred to Contrarian Funds, LLC ("Contrarian")) and respectfully represent as follows:

Background

1. GCBC filed the Proof of Claim on or about February 27, 2006. The Proof of Claim asserts an unsecured nonpriority claim in the amount of \$347,043.24 (the "Claim").

2. The Debtors objected to the Claim pursuant to the Debtors' (i) Third Omnibus Objection (Substantive) Pursuant To 11 U.S.C. § 502(b) And Fed. R. Bankr. P. 3007 To Certain (a) Claims With Insufficient Documentation, (b) Claims Unsubstantiated By Debtors' Books And Records, And (c) Claims Subject To Modification And (ii) Motion To Estimate Contingent And Unliquidated Claims Pursuant To 11 U.S.C. § 502(c) (Docket No. 5452) (the "Third Omnibus Claims Objection"), which was filed on October 31, 2006.

3. On November 22, 2006, GCBC and Contrarian filed their Response To Notice Of Objection To Claim And Debtors' Third Omnibus Objection Regarding Claim Number 2141 (Docket No. 5696) (the "Response").

4. The Proof of Claim and the Response assert that, pursuant to a Receivables Purchase Agreement (the "RPA"), GCBC purchased and/or obtained a security interest in certain accounts receivable (the "Accounts Receivable") of Jackson Rapid Delivery,

Inc. ("Jackson").¹ The Proof of Claim and the Response assert that the Debtors are the account debtor on the Accounts Receivable. The Response asserts that the Accounts Receivable include both factored accounts receivable (the "Factored Receivables"), which GCBC allegedly purchased, and non-factored accounts receivable (the "Non-Factored Receivables"), in which GCBC allegedly obtained a security interest. The Claim includes both the Factored Receivables and the Non-Factored Receivables.

Disputed Issues

5. The Debtors assert that certain of Jackson's invoices were materially false, erroneous, or otherwise irregular, such that the amount the Debtors allegedly owe Jackson pursuant to those invoices was artificially inflated. Specifically, the Debtors assert that Jackson fraudulently invoiced the Debtors for services not actually performed by, among other things, attaching the same backup documentation to multiple invoices, altering previous invoices by adding one or more "0's" to invoice numbers, and failing to attach backup documentation to invoices.

6. Not only does Jackson's fraudulent invoicing result in an overstatement of the amount of the unpaid invoices, but it also caused the Debtors to make overpayments to Jackson and/or GCBC when the Debtors paid the fraudulent invoices. The Debtors are entitled to setoff the amount of any overpayments against any amount the Debtors owe GCBC.

7. Accordingly, the amount of the Claim overstates the Debtors' obligations to Jackson. The Debtors scheduled GCBC as the holder of an unsecured nonpriority claim in the amount of \$211,878.38. The Debtors dispute that GCBC and/or Contrarian are entitled to a claim in any greater amount and believe that the above-described false and erroneous invoicing

¹ The RPA is attached to the Response.

and overpayments may cause the amount of the Claim to be substantially less than such scheduled amount.

Reservation of Rights

8. This Statement Of Disputed Issues is submitted by the Debtors pursuant to paragraph 9(d) of the Order Pursuant To 11 U.S.C. § 502(b) And Fed. R. Bankr. P. 2002(m), 3007, 7016, 7026, 9006, 9007, And 9014 Establishing (i) Dates For Hearings Regarding Objections To Claims And (ii) Certain Notices And Procedures Governing Objections To Claims (Docket No. 6089) (the "Claims Objection Procedures Order"). Consistent with the provisions of the Claims Objection Procedures Order, the Debtors' submission of this Statement Of Disputed Issues is without prejudice to (a) the Debtors' right to later identify and assert additional legal and factual bases for disallowance, expungement, reduction, or reclassification of the Claim and (b) the Debtors' right to later identify additional documentation supporting the disallowance, expungement, reduction, or reclassification of the Claim.

WHEREFORE the Debtors respectfully request that this Court enter an order modifying the Claim consistent with the amounts set forth above, and granting the Debtors such other and further relief as is just.

Dated: New York, New York
January 3, 2006

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